Julius Bär

BUSINESS REVIEW FIRST HALF 2021

JULIUS BAER GROUP

ABOUT JULIUS BAER

Julius Baer is the leading Swiss wealth management group. We focus on providing personal advice to private clients around the world, powered by high-end services and expertise. As pioneers, we actively embrace change to remain at the forefront of our industry – as we have done since 1890. In all we do, we are inspired by our purpose: creating value beyond wealth.

We manage our company for the long term and with an exclusive strategic focus on wealth management.

Our strategy is driven by the desire to achieve unparalleled client satisfaction, to further strengthen the reputation and standing of our Group and to realise sustainable, profitable growth (see also page 23 f.).

We help our clients to achieve their financial aspirations through holistic solutions that take into account what truly matters to them – in their business and personal life, today and for future generations.

With over 6,600 employees, we stand for:

SOLID FOUNDATIONS

PURE WEALTH MANAGEMENT

PERSONAL CONNECTIONS

INTERNATIONAL NETWORK

CONTENTS

Cover picture:
Quality, craftsmanship, precision, ingenuity and reliability – these characteristics and values essentially define Switzerland's business landscape and the people behind it, like Vanja Jocic. She was working in corporate strategic planning and finance when she considered a career break to learn a craft out of curiosity. After her time as an apprentice for Prudence Millinery in London, she came back to Switzerland where she set up her atelier in Geneva. Each of her hats is handmade and one of a kind. Switzerland is Julius Baer's home market. We have lived and breathed the country's business virtues for over 130 years and shaped its wealth management culture in the process. To reinforce our local roots, we have embarked on a new strategic journey designed to enhance the solutions and value we create for Swiss private banking clients (see page 15).
Picture credits: Nicole Hertel Photography, Geneva

KEY FIGURES JULIUS BAER GROUP[1]

	H1 2021 CHF m	H1 2020 CHF m	H2 2020 CHF m	Change to H1 2020 in %
Consolidated income statement				
Operating income	1,992.9	1,850.8	1,732.3	7.7
Adjusted operating expenses	1,250.8	1,234.4	1,234.3	1.3
Adjusted profit before taxes	742.2	616.4	498.0	20.4
Adjusted net profit for the Group	636.3	524.4	432.1	21.3
IFRS net profit for the Group	606.0	491.0	207.7	23.4
Adjusted cost/income ratio	61.2%	66.6%	66.2%	-
Adjusted pre-tax margin (basis points)	32.3	30.5	24.0	-

	30.06.2021	30.06.2020	31.12.2020	Change to 31.12.2020 in %
Assets under management (CHF bn)				
Assets under management	485.9	401.8	433.7	12.0
Net new money (in period)	9.9	5.0	10.1	-
Consolidated balance sheet (CHF m)				
Total assets	113,578.3	107,359.3	109,137.0	4.1
Total equity	6,725.6	6,289.8	6,434.1	4.5
BIS total capital ratio	22.8%	20.0%	21.0%	-
BIS CET1 capital ratio	16.7%	13.9%	14.9%	-
Return on tangible equity (RoTE) annualised, adjusted (in period)	32%	31%	24%	
Return on common equity Tier 1 capital (RoCET1), adjusted (in period)	38%	36%	28%	
Personnel (FTE)				
Number of employees	6,667	6,729	6,606	0.9
Number of relationship managers	1,341	1,456	1,376	-2.5
Capital structure				
Number of shares issued[2]	223,809,448	223,809,448	223,809,448	-
Market capitalisation (CHF m)	13,514	8,874	11,414	18.4
Moody's rating Bank Julius Baer & Co. Ltd.				
Long-term deposit rating	Aa3	Aa3	Aa3	-
Short-term deposit rating	Prime-1	Prime-1	Prime-1	-

[1] The document Alternative Performance Measures available at www.juliusbaer.com/APM provides a reconciliation of adjusted performance measures to reported results under IFRS as well as definitions of adjusted performance measures and other alternative performance measures.
[2] The cancellation of the 2,585,000 Julius Baer Group Ltd. shares bought back under the 2019–2021 share buy-back programme was executed effective 1 July 2021, resulting in the number of shares issued to decrease to 221,224,448.

FOREWORD

Dear Reader

Accommodative monetary and fiscal policies combined with the progress in COVID-19 vaccination supported a swift economic upturn in the first half of 2021, providing an overall favourable environment for financial markets. This dynamic played to our strengths and validated our strategic ambitions. Demand for guidance and expert advice remained high. Our existing clients and a gratifying number of new clients valued our expanding offering and the innovative ways we make it accessible to them. This benefitted our Group's profitability, resulting in very strong financial results for the period.

Our activities remained focused on implementing the three-year strategy we outlined in February 2020 (see page 23). By putting clients firmly at the centre of what we do, creating value for them by fulfilling their needs, we have designed our strategy to generate sustainable profit growth. Underpinned by disciplined management of costs and risks, the strategy takes a holistic view on profitability, ultimately also creating sustainable value for our shareholders.

The client-centricity of our strategy is demonstrated by the accelerated investments we are undertaking in digital tools designed to refine the client journey. These tools continue to have a positive impact on the scalability and efficiency of our personal client advisory process. They now form a distinctive element of the experience clients expect and value – including and beyond bespoke wealth management solutions. The achievements reached over the past two years earned Julius Baer the honour of *Best digital innovator of the year* in 2021 by renowned PWM[1] (see page 10).

'Creating value beyond wealth.'

We also continued to sharpen our value proposition. Our global network and multidisciplinary approach allows for a constant evolution of our solution capabilities, helping clients and their families to navigate today's complexity and anticipate future challenges. By listening to, collaborating and even co-creating with clients, in the first half of 2021 we considerably broadened our offering in areas of client demand such as structured lending, private equity, direct private investments and impact investing. The latter has become one of the world's fastest growing investment approaches. Besides giving our clients access to this dynamic market, we are developing a distinct ecosystem encompassing thought leadership and networking platforms for the exchange of ideas and experiences with like-minded peers.

[1] PWM or Professional Wealth Management is a Financial Times Group publication.

Just as our clients' aspirations go beyond monetary wealth, so do the aim and reach of our actions. While we enable our clients to achieve the desired impact for themselves and for future generations, we ourselves take responsibility as an institution. This relates to how we act as an employer and how we collaborate with suppliers, shareholders, regulatory bodies and the local communities where we are present. Our purpose of *creating value beyond wealth* therefore touches on all stakeholders (see page 11).

The bedrock of our determination and success is our financial foundation. At the end of June 2021, the Group's BIS CET1 capital ratio had risen to 16.7% (end of 2020: 14.9%) and the BIS total capital ratio to 22.8% (end of 2020: 21.0%), thus well above the Group's own floors of 11% and 15% respectively, and significantly in excess of the regulatory requirements of 7.9% and 12.1% respectively.

We will stay our course, aiming for ambitious goals as a corporation and as a corporate citizen, fortunate to rely on loyal internal and external stakeholders. We thank them all for their trust and continued support on our ongoing journey to create value beyond wealth.

Romeo Lacher
Chairman

Philipp Rickenbacher
Chief Executive Officer

FINANCIAL PERFORMANCE IN FIRST HALF 2021

The strong growth in assets under management and a significant improvement in cost efficiency resulted in a record-high net profit in the period. The significant capital build further strengthened the already solid capitalisation of the Group.

Dieter A. Enkelmann, Chief Financial Officer

This Business Review and other communications to investors contain certain financial measures of historical and future performance and financial position that are not defined or specified by IFRS. Management believes that these alternative performance measures (APM), including adjusting the results consistently for items related to acquisitions or divestments (M&A) and the taxes on those respective items, provide useful information regarding the Group's financial and operating performance. These APM should be regarded as complementary information to, and not as a substitute for, the IFRS performance measures. The definitions of APM used in this Business Review and other communications to investors, together with reconciliations to the most directly reconcilable IFRS line items, are provided in the Alternative Performance Measures document available at www.juliusbaer.com/APM.

Assets under management (AuM) grew by CHF 52 billion to a new record high of CHF 486 billion, an increase of 12% since the end of 2020, on the back of positive market performance, a weaker Swiss franc (particularly against the US dollar) and continued positive net new money inflows.

Net new money doubled to CHF 10 billion (annualised net new money growth rate 4.6%), with particularly strong contributions from clients domiciled in Asia and Western Europe, as well as solid growth in the Middle East.

Including assets under custody of CHF 79 billion (+10%), total client assets grew to CHF 565 billion, an increase of 12% from year-end 2020.

Operating income grew by 8% to CHF 1,993 million, reflecting the combined benefit of strongly increased net commission and fee income and the virtual disappearance of net credit losses. These positive developments were partly offset by a decrease in net interest income, following the year-on-year decline in US interest rates, as well as by somewhat lower net income from financial instruments measured at FVTPL[1] as market volatility eased from the extraordinarily high levels seen in the first half of 2020. As monthly average AuM increased by 14% year on year, the gross margin declined to 87 basis points (bp) (H1 2020: 92 bp).

Net commission and fee income rose by 12% to CHF 1,155 million. This increase was driven mainly by a 19% improvement in advisory and management fees on the back of the growth in client assets and higher-value mandate penetration. Brokerage commissions went up by 7% following continued healthy client transaction activity, particularly in the first quarter of 2021.

[1] FVTPL indicates fair value through profit or loss

ADJUSTED CONSOLIDATED INCOME STATEMENT[1]

	H1 2021 *CHF m*	H1 2020 *CHF m*	H2 2020 *CHF m*	Change *to H1 2020 in %*
Net interest income	308.4	333.4	288.3	-7.5
Net commission and fee income	1,154.7	1,032.8	982.3	11.8
Net income from financial instruments measured at FVTPL[2]	502.5	515.2	428.2	-2.5
Net credit losses/(recoveries) on financial assets	1.0	48.5	-13.0	-
Other ordinary results	28.4	18.0	20.5	58.1
Operating income	**1,992.9**	1,850.8	1,732.3	7.7
Adjusted personnel expenses	848.7	849.5	739.9	-0.1
Adjusted general expenses	312.1	300.5	397.0	3.8
Adjusted depreciation and amortisation	90.0	84.4	97.3	6.7
Adjusted operating expenses	**1,250.8**	1,234.4	1,234.3	1.3
Adjusted profit before taxes	**742.2**	616.4	498.0	20.4
Adjusted income taxes	105.8	92.0	65.9	15.0
Adjusted net profit for the Group	**636.3**	524.4	432.1	21.3
IFRS net profit for the Group	**606.0**	491.0	207.7	23.4
Adjusted net profit attributable to:				
Shareholders of Julius Baer Group Ltd.	635.8	524.0	431.1	21.3
Non-controlling interests	0.6	0.5	1.0	26.7
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)[3]	2.95	2.43	2.01	21.1
Key performance ratios				
Adjusted cost/income ratio	61.2%	66.6%	66.2%	-
Gross margin (basis points)	86.7	91.7	83.6	-
Adjusted pre-tax margin (basis points)	32.3	30.5	24.0	-
Adjusted tax rate	14.3%	14.9%	13.2%	-

[1] The document Alternative Performance Measures available at www.juliusbaer.com/APM provides a reconciliation of adjusted performance measures to reported results under IFRS as well as definitions of adjusted performance measures and other alternative performance measures.
[2] FVTPL indicates fair value through profit or loss.
[3] The cancellation of the 2,585,000 Julius Baer Group Ltd. shares bought back under the 2019–2021 share buy-back programme was executed effective 1 July 2021, resulting in the number of shares issued to decrease to 221,224,448.

Net income from financial instruments measured at FVTPL declined by 2% to CHF 503 million. While overall trading volumes remained elevated in a longer-term historical context (particularly in the first quarter of 2021), client activity in FX and precious metals trading subsided as volatility moderated in the second quarter of 2021.

Net interest income fell by 8% to CHF 308 million. Interest income on loans declined by 22% to CHF 290 million as the benefit of a year-on-year increase in average loan balances was more than offset by the sharp decrease in US interest rates. Lower US rates also negatively impacted interest income on debt instruments at FVOCI[2], which fell by 24% to CHF 57 million. On the plus side, lower rates led to a decline in interest expense on amounts due to customers, which fell by 93% to CHF 4 million, despite a year-on-year rise in client deposits.

Other ordinary results rose by 58% to CHF 28 million.

Operating income was marginally affected by the CHF 1 million of credit provisions booked under *net credit losses on financial assets*, a significant improvement from the CHF 49 million recorded in the first half of 2020.

Operating expenses according to IFRS rose by 1% to CHF 1,286 million. *Personnel expenses* decreased by 1% to CHF 849 million, *general expenses* went up by 4% to CHF 318 million, *depreciation of property and equipment* declined by 1% to CHF 49 million, *amortisation and impairment of intangible assets* increased by 17% to CHF 41 million, and *amortisation of customer relationships* diminished by 1% to CHF 29 million.

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY CURRENCY

	30.06.2021	30.06.2020	31.12.2020
USD	49%	49%	48%
EUR	19%	19%	19%
CHF	9%	10%	9%
GBP	4%	4%	4%
HKD	4%	4%	4%
INR	4%	3%	4%
BRL	2%	2%	2%
SGD	1%	1%	1%
Other	8%	8%	9%

As in previous years, in the analysis and discussion of the results in the Business Review, *adjusted operating expenses* exclude M&A-related expenses. Acquisition-related amortisation of intangible assets amounted to CHF 29 million (H1 2020: CHF 29 million), while other M&A-related expenses amounted to CHF 6 million (H1 2020: CHF 10 million). The reconciliations to the respective IFRS line items are provided in the Alternative Performance Measures document available at www.juliusbaer.com/APM.

Adjusted operating expenses rose by 1% to CHF 1,251 million. Excluding provisions and losses, adjusted operating expenses fell by 1% to CHF 1,220 million.

Adjusted personnel expenses declined by CHF 1 million to CHF 849 million, supported by the 1% year-on-year decline in the monthly average number of employees as well as a decrease in the severance costs related to the restructuring programme initiated in 2020 to CHF 14 million (H1 2020: CHF 19 million). Performance-based accruals increased following the strong rise in operating income and profit. At the end of June 2021, the Group employed 6,667 full-time equivalents (FTEs), down 63 from a year ago, but up 60 in the year to date owing largely to the further internalisation of formerly external employees as part of the efficiency improvement programme. Staff numbers do not yet fully reflect the year-to-date reduction of positions as part of the restructuring steps taken so far in 2021. Total staff included 1,341 relationship managers, down 115 from a year ago and down 35 in the year to date.

Adjusted general expenses went up by 4% to CHF 312 million, impacted by a CHF 29 million increase in provisions and losses (to CHF 31 million). Excluding provisions and losses, adjusted general expenses fell by 6% to CHF 281 million, partly reflecting the impact of the cost-reduction programme.

[2] FVOCI indicates fair value through other comprehensive income

ASSETS UNDER MANAGEMENT

	30.06.2021 *CHF bn*	30.06.2020 *CHF bn*	31.12.2020 *CHF bn*	Change *to 31.12.2020 in %*
Assets under management	485.9	401.8	433.7	12.0
Change through net new money	*9.9*	*5.0*	*10.1*	-
Change through market and currency impacts	*42.5*	*-28.7*	*23.4*	-
Change through divestment[1]	*-0.2*	*-0.5*	*-1.6*	-
Change through other effects[2]	-	-	*-0.0*	-
Average assets under management (in period)	459.8	403.7	414.6	10.9

[1] Assets under management were affected by the Group's decision to discontinue its offering to clients from a number of selected countries and completion of sale of Julius Baer Bank (Bahamas) Limited (2020).

[2] Includes assets which have been reclassified following the completed roll-out of the new client advisory models in Switzerland and continental Europe.

While *depreciation of property and equipment* declined by 1% to CHF 49 million, *adjusted amortisation and impairment of intangible assets* rose by 17% to CHF 41 million, the latter reflecting the rise in IT-related investments in recent years.

The *adjusted cost/income ratio* (which excludes adjusted provisions and losses) improved to 61.2% (H1 2020: 66.6%). The *adjusted expense margin* (also excluding adjusted provisions and losses) improved to 53 bp (H1 2020: 61 bp).

IFRS *profit before taxes* rose by 22% to CHF 707 million. As IFRS income taxes increased by 17% to CHF 101 million, IFRS *net profit* as well as IFRS net profit attributable to shareholders of Julius Baer Group Ltd. climbed by 23% to CHF 606 million, and EPS by 23% to CHF 2.81.

Adjusted profit before taxes grew by 20% to CHF 742 million, and the adjusted pre-tax margin improved to 32 bp (H1 2020: 31 bp). The related income taxes increased by 15% to CHF 106 million, representing a tax rate of 14.3% (H1 2020: 14.9%).

Adjusted net profit for the Group as well as adjusted net profit attributable to shareholders of Julius Baer Group Ltd. increased by 21% to CHF 636 million. Adjusted EPS attributable to shareholders improved by 21% to CHF 2.95.

The IFRS net profit and adjusted net profit achieved in the first half of 2021 were the highest six-month profits in the history of Julius Baer Group Ltd.

The adjusted return on CET1 capital (RoCET1) improved to 38% (H1 2020: 36%).

BALANCE SHEET AND CAPITAL DEVELOPMENT

Since the end of 2020, *total assets* rose by 4% to CHF 114 billion. Client releveraging was reflected in an increase in *loans* by 8% to CHF 51 billion, comprising CHF 43 billion in Lombard loans (+11%) and CHF 8 billion in mortgages (-4%). The *due to customers* position (deposits) rose by 3% to CHF 80 billion. As a result, the loan-to-deposit ratio went up to 64% (end of 2020: 61%). *Cash* held at central banks in Switzerland and Europe grew by 14% to CHF 17 billion, and *financial assets measured at FVOCI* (treasury book) by 1% to CHF 14 billion. *Equity attributable to shareholders of Julius Baer Group Ltd.* grew by 5% to CHF 6.7 billion.

BIS CET1 capital rose by CHF 0.4 billion, or 13%, to CHF 3.6 billion, on the back of the significantly increased net profit. The CET1 capital build was additionally helped by the positive impacts of CHF 75 million from currency-translation differences (as a result of the weakened Swiss franc) and CHF 59 million from a remeasurement of the Group's defined-benefit obligations. At the same time, CHF 146 million of CET1 capital was used to fund the share buy-back programme in the first half of 2021. Dividend is accrued during the year at a rate in line with the Group's dividend policy.

Risk-weighted assets (RWA) grew by CHF 0.3 billion, or 2%, to CHF 21.5 billion. Credit risk positions increased by 1% to CHF 13.9 billion, operational risk positions by 2% to CHF 5.8 billion and market risk positions by 6% to CHF 1.2 billion. Non-counterparty-related risk positions declined by 5% to CHF 0.5 billion.

As a result, the *BIS CET1 capital ratio* strengthened further to 16.7% at the end of June 2021 (end of 2020: 14.9%), and the *BIS total capital ratio* went up to 22.8% (end of 2020: 21.0%).

The leverage exposure increased by 9% to CHF 117 billion, resulting in a Tier 1 leverage ratio of 4.1% (end of 2020: 4.0%). The temporary exclusion of central bank reserves from the calculation of the leverage ratio ended on 1 January 2021.

At these levels, the Group's capitalisation continued to be solid: the CET1 and total capital ratios remained well above the Group's own floors of 11% and 15%, respectively, and significantly in excess of the regulatory minimums of 7.9% and 12.1%, respectively. The Tier 1 leverage ratio continued to be comfortably above the 3.0% regulatory minimum.

On 2 March 2021, the Group commenced the execution of a new programme to buy back Julius Baer Group Ltd. shares up to a purchase value of CHF 450 million. The programme runs until the end of February 2022. By the end of June 2021, a total of 2,439,000 shares had been repurchased at an aggregate acquisition cost of CHF 146 million.

The cancellation of the 2,585,000 shares repurchased under the previous share buy-back programme (launched in November 2019 and terminated at the end of February 2021) was executed on 1 July 2021. The registered share capital of Julius Baer Group Ltd. now amounts to CHF 4,424,488.96, divided into 221,224,448 registered shares with a par value of CHF 0.02 each.

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY ASSET MIX

	30.06.2021	30.06.2020	31.12.2020
Equities	33%	27%	30%
Investment funds	28%	25%	27%
Client deposits	17%	19%	18%
Bonds/convertibles	15%	19%	17%
Structured products	4%	5%	5%
Money market instruments	2%	3%	2%
Precious metals	1%	2%	1%

CONSOLIDATED BALANCE SHEET

	30.06.2021 CHF m	30.06.2020 CHF m	31.12.2020 CHF m	Change to 31.12.2020 in %
Assets				
Due from banks	5,019.0	7,955.9	7,349.9	-31.7
Loans to customers[1]	51,021.9	46,495.8	47,207.6	8.1
Financial assets measured at FVTPL[2]	13,753.2	10,444.1	13,429.8	2.4
Financial assets measured at FVOCI[3]	13,994.2	14,771.3	13,796.4	1.4
Goodwill and other intangible assets	2,664.2	2,825.7	2,637.4	1.0
Other assets	27,125.8	24,866.5	24,716.0	9.8
Total assets	**113,578.3**	107,359.3	109,137.0	4.1
Liabilities and equity				
Due to banks	5,010.0	4,588.7	5,087.9	-1.5
Deposits from customers	80,063.9	76,487.5	77,784.5	2.9
Financial liabilities designated at fair value	14,835.9	13,473.3	13,154.8	12.8
Other liabilities	6,942.9	6,520.0	6,675.6	4.0
Total liabilities	106,852.6	101,069.5	102,702.8	4.0
Equity attributable to shareholders of Julius Baer Group Ltd.	6,717.3	6,280.1	6,425.6	4.5
Non-controlling interests	8.3	9.7	8.6	-2.8
Total equity	6,725.6	6,289.8	6,434.1	4.5
Total liabilities and equity	**113,578.3**	107,359.3	109,137.0	4.1
Key performance ratios				
Loan-to-deposit ratio	64%	61%	61%	-
Book value per share outstanding (CHF)[4]	31.0	29.5	30.0	3.2
Return on tangible equity (RoTE) annualised, adjusted (in period)	32%	31%	24%	-
Return on common equity Tier 1 capital (RoCET1), adjusted (in period)	38%	36%	28%	-
BIS statistics				
Risk-weighted assets	**21,457.9**	21,284.9	21,120.7	1.6
BIS total capital	**4,889.8**	4,250.2	4,429.7	10.4
BIS CET1 capital	**3,583.1**	2,950.1	3,157.5	13.5
BIS total capital ratio	**22.8%**	20.0%	21.0%	-
BIS CET1 capital ratio	**16.7%**	13.9%	14.9%	-

[1] Mostly Lombard lending and mortgages to clients.
[2] FVTPL indicates fair value through profit or loss.
[3] FVOCI indicates fair value through other comprehensive income.
[4] Based on shareholders' equity.
The cancellation of the 2,585,000 Julius Baer Group Ltd. shares bought back under the 2019–2021 share buy-back programme was executed effective 1 July 2021, resulting in the number of shares issued to decrease to 221,224,448.

DEVELOPMENTS IN FIRST HALF 2021

The benign environment presented an excellent opportunity for us to continue to deepen our relationships with clients. We remained firmly connected with them via all available channels. Equipped with our ever-growing capabilities, we are reconfirming the value of personal advice and relevant solutions.

STRATEGIC PRIORITIES

Halfway into implementing the three-year strategic plan we launched in February 2020, our push to make Julius Baer more relevant for our clients, even more resilient as a corporation and hence more attractive for all our other stakeholders continued to show substantial achievements in all of our priority areas.

We further sharpened our value proposition for high net worth and ultra-high net worth clients in myriad ways. Our accelerated investments in human advice and technology continued to profoundly alter our organisation and the way we serve clients. And the shift of our leadership focus from an asset-gathering strategy to one of sustainable profit growth showed tangible results.

All these efforts share one common goal: to transform Julius Baer into the most reputable and admired wealth manager in our industry – truly relevant to our clients and attractive to all other stakeholders.

TECHNOLOGY, PLATFORM AND INNOVATION

Julius Baer's IT strategy is powered by three operational hubs, located in Switzerland, Luxembourg and Asia. These platforms ensure utmost flexibility in adapting our business model to digital innovation, evolving client-specific preferences, changing local and regulatory requirements, as well as flexible interfaces to proprietary robotics, third-party FinTech solutions and products and services from external providers.

As the wealth manager of choice for the current and next generation of clients, we strive to establish a personalised and consistent client experience across all physical and digital touchpoints. The cornerstones are harmonised mobile and e-banking platforms. Propelled by the Bank's COVID-19 response programme, investments into digital capabilities increased significantly in the first six months of 2021. These capabilities now enable personalised digital content distribution, fully digital and seamless onboarding, enhanced chat functionality and digital collaboration. In Switzerland, more than 70% of our clients use Julius Baer's e-banking solution. Our digitalisation efforts earned us the inaugural *Best digital innovator of the year* award in June 2021 by renowned *Professional Wealth Management* (PWM, a Financial Times Group publication). The award panel unanimously concluded that digitalisation and tech are embedded in Julius Baer's culture, starting at management level.

Given the rising demand to introduce innovations faster and in a more focused manner, we are gradually shifting our work approach to agile methods throughout the Bank. Based on a specific governance framework, this helps us to generate incremental value by delivering solutions in a shorter timeframe and a more user-oriented and collaborative way. With the benefit of our private banking clients in mind, Investment and Wealth Management was the first unit in the Bank to pilot agile operations, connecting the views and client-linked expectations of our Relationship Managers (RMs) more directly with the teams that advance Julius Baer's range of product and services.

CREATING VALUE BEYOND WEALTH

With our roots as a family business dating back to 1890, we know the value of long-term relationships and the challenges and opportunities of growing wealth, protecting it and passing it on.

Yet over the past 130 years, the world also has changed beyond recognition – and with it, the wealth management industry as well as the expectations of its stakeholders. By continuously evolving our business, we have been able to remain truly relevant – a dynamic that motivated us to articulate what we see as our purpose clearly and transparently: *creating value beyond wealth*.

At the core will always be the value we create for our clients – value we are renowned for and will continue to deliver as the world's leading wealth manager. We are proud of this heritage, which underpins our success, and we will continue to nurture our rock-solid foundation.

And our purpose goes beyond this core. It spans our full impact, as summed up by the following three pillars:

First, 'family' is in our DNA. We have grown up as a family business, therefore we are committed to helping families thrive and to empower the next generation of clients – and employees.

Second, we truly strive to understand the world and make impactful decisions for the future. We contribute to understanding this future through our research and investment capabilities, and even more so through our sustainability efforts. We empower clients to use their wealth to achieve the desired impact they seek for themselves, for future generations and for society at large.

Third, we ourselves take responsibility as an institution. This relates to how we act as an employer and how we collaborate with suppliers, shareholders, regulatory bodies and the local communities where we are present.

Our purpose therefore touches on all stakeholders. It speaks to our clients and their aspirations beyond monetary wealth. It motivates our employees to translate their ingenuity, passion, knowledge and network into solutions across disciplines. It represents our shareholders and bondholders, whose commitment to Julius Baer is a manifestation of trust in our capabilities to grow beyond the current business cycle. And it underlines our efforts to make a tangible difference to the communities we operate in.

As a corporation, we know that our means and our influence are limited. To reach beyond such limits, we need to engage in a collective effort with our stakeholders. By doing so, we are convinced that we can make this world a richer, better place – by *creating value beyond wealth*.

Our prudent approach and our consideration of local pandemic conditions meant that about 70% of our global workforce on average worked from home in the first half of 2021. Our operations and responsiveness were resilient and uninterrupted. Specific offerings by our own Julius Baer Academy helped teams and individuals to cope with the changed situation. Together with steady internal communication on the topic, this resulted in consistently high satisfaction levels in our regular employee surveys.

Through our partnership with the *F10 FinTech Incubator & Accelerator association* and as co-founding member of *F10 Singapore*, we remain close to the rapidly evolving FinTech ecosystem. We evaluate novel approaches and solutions in a growing number of application areas for possible integration into our business, complementing our internal programmes to identify relevant trends in our industry and ways to drive innovation on the back of them. Our own corporate start-up focuses particularly on areas of predictive client retention and asset flows.

Our internal data is a vast resource for advancing our business, from the automation of operational processes via robots to augmenting our client value proposition. The resulting benefits range from risk reduction and harmonised processes to increased operational efficiency. The most visible effects of these improvements are in our front areas, where RMs can not only dedicate more time resources to servicing clients but are also supported by data-based tools that allow for client-specific 360-degree assessments at all times.

RISK CULTURE

Risk management is the centrepiece of our way of doing business and is reflected in the Group's overall risk management framework and the related risk tolerance framework. The strategic overhaul of the Group's risk function to foster its efficacy and efficiency will be fully implemented by the end of 2021. The programme has seen significant investments in terms of personnel, systems and processes over the past 36 months.

Information, IT and cyber security risks are constantly monitored and consistently mitigated by technical and organisational means. Ongoing investments in countermeasures are complemented by a continuous awareness campaign for employees, making them ambassadors of smart and far-sighted handling of information security.

The Group's compliance framework has been further strengthened, in particular by refining the Bank's risk appetite and global control framework and by enhancing the compensation and disciplinary structures. The new client risk rating methodology introduced last year in booking centre Switzerland was made available in booking centre Luxembourg, with other booking centres to follow. This methodology serves to identify elevated risk profiles faster and with greater accuracy, contributing to a sustainably lower share of risk clients. We continued to roll out compliance and anti-money laundering trainings to the entire Group – particularly to RMs and other client-facing staff – including mandatory certification programmes and corresponding refresher courses.

REGULATION

Major regulatory initiatives include the Swiss Financial Services Act (FinSA), which introduces standards similar to the existing MiFID legislation in the EU, and the implementation of the EU Sustainable Finance regulation, establishing comprehensive rules to consider ESG aspects. While the transition period to fully apply FinSA ends in 2021, the EU Sustainable Finance regulation will gradually unfold over the years to come. Both initiatives will have a significant impact on the way we advise clients, and – besides the technical implementation – comprise important non-IT related aspects, such as the review of our policy framework and employee education.

GLOBAL PRESENCE

EUROPE

SWITZERLAND

OUR LOCATIONS IN OTHER PARTS OF THE WORLD

- Location
- Booking centre
- Julius Baer Family Office Brasil (integrated operations of GPS and Reliance Group), a fully owned subsidiary
- NSC Asesores, majority participation of 70%
  Julius Baer is present in Mexico City with a representative office
- Strategic partnerships in Bangkok, Thailand, with The Siam Commercial Bank and in Tokyo, Japan, with Nomura Holdings Inc.
- Kairos Partners SGR S.p.A., a fully consolidated subsidiary
  Julius Baer is present in Milan with Julius Baer Fiduciaria S.p.A.

[1] Additional advisory locations in Bangalore, Chennai, Hyderabad, Kolkata and New Delhi

SWITZERLAND

Switzerland is Julius Baer's home market and the Group's main booking centre. We serve a significant number of Swiss domestic clients as their principal banker, giving personalised attention to their individual requirements. The country's location in the heart of Europe makes it easily accessible from all over the world. This therefore also makes it an attractive home for a diverse population of international wealthy individuals whose particular needs we meet with a dedicated offering.

Switzerland is a relatively saturated banking market. However, its high degree of wealth concentration and the level of sophistication that goes along with it provide ample opportunities for us as a pure wealth manager. In connection with the Group's updated strategy, we aligned our market approach and defined a new strategic push for the Swiss market (see page 15). Our effort centres on the value we can create for Swiss private banking clients through a truly local offering encompassing wealth planning, investing and financing. Julius Baer is one of the largest domestic managers of Swiss private client assets and enjoys a high brand awareness in our targeted client segments of high and ultra-high net worth individuals (HNWIs/UHNWIs). By leveraging this perception and providing a highly personalised client experience, we aim to foster new client acquisition, increase the share of wallet with existing clients and support our revenue margins.

The ongoing constraints imposed by the pandemic called for flexible strategy execution in the first half of 2021. Yet this situation also presented unique opportunities to interact with clients even more frequently and to support them with holistic advice. As a result, client activity remained high. Assets under management (AuM) benefited from the favourable market environment and an improving trend in inflows. Both transaction-based income and asset-based income increased and contributed to higher revenues year on year. Profitability was well supported.

EUROPE

Europe is a key region for our Group where we see good growth opportunities. In line with our clients' preferences, we serve the region both from international Group locations as well as locally from our advisory locations and branches across the continent. While our private client business in Germany is predominantly booked and operated locally, our booking centre in Luxembourg serves as the hub for our other European business, including our well-established and growing advisory business conducted out of Luxembourg. The Luxembourg hub supports our European operating model by providing integrated and continuously expanding booking centre capabilities for private clients, families and intermediaries.

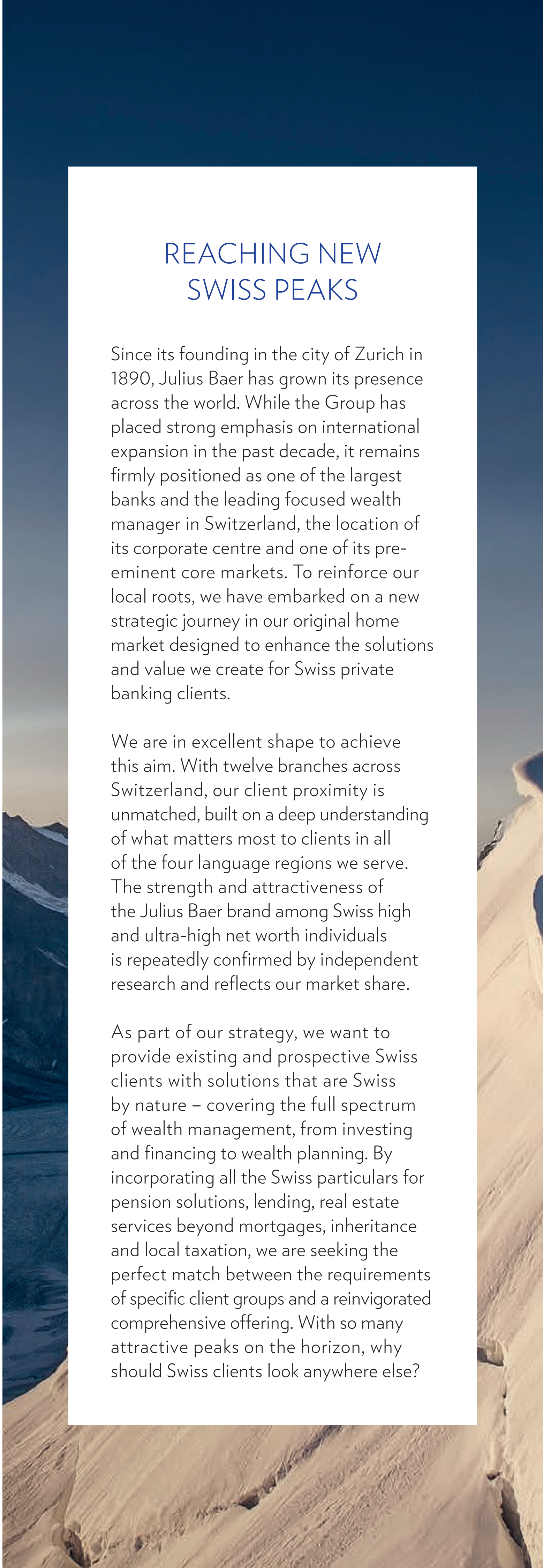
We experienced strong business momentum in the first half of 2021. Our comprehensive set of digital tools proved essential in deepening our personal and business relationship with existing clients and in gaining new ones. The demand for value-added solutions further increased, supported by our growing offering in areas such as private equity, structured finance and wealth planning. Very healthy net new money inflows contributed to substantially higher asset levels. Higher asset-based income and growing transaction-based income year on year contributed to rising revenues.

Germany is one of the most attractive wealth management markets in Europe and is served from a number of Group locations. Despite being fragmented and mature, the German market continues to show sustainable growth rates. Our personal approach and international advisory competence, together with a rich, open product platform, stand out in a market increasingly characterised by digitally marketed standardised products.

Frankfurt-based *Bank Julius Bär Deutschland AG* enjoys a leading position in the market, built on our outstanding reputation, our solid financial foundation and the service offered through our network of ten locations across the country. This makes us very attractive for existing and new clients, as well as for employees.

Our locally booked private client business reported robust momentum in H1 2021. Clients showed growing interest in our expanding range of value-adding products such as loans, structured credit solutions and alternative private investments, which also benefitted our business with family offices and foundations. Very healthy net new money inflows contributed to substantially higher AuM. Margins remained well supported.

In ***Spain*** as well as with Portuguese clients, we experienced very positive business development in H1 2021, which helped us significantly increase our standing and profile in the Iberian Peninsula, most notably in the UHNWI segment. We continued to enhance the recently introduced lead offering specifically tailored to the Iberian market. Our solution-driven qualities especially for the wealthier clients greatly differentiate us in a market seemingly dominated by a few large universal banks. Our growing client population and rising share of wallet resulted in substantial net new money inflows and contributed to higher asset levels and rising revenues.



REACHING NEW SWISS PEAKS

Since its founding in the city of Zurich in 1890, Julius Baer has grown its presence across the world. While the Group has placed strong emphasis on international expansion in the past decade, it remains firmly positioned as one of the largest banks and the leading focused wealth manager in Switzerland, the location of its corporate centre and one of its pre-eminent core markets. To reinforce our local roots, we have embarked on a new strategic journey in our original home market designed to enhance the solutions and value we create for Swiss private banking clients.

We are in excellent shape to achieve this aim. With twelve branches across Switzerland, our client proximity is unmatched, built on a deep understanding of what matters most to clients in all of the four language regions we serve. The strength and attractiveness of the Julius Baer brand among Swiss high and ultra-high net worth individuals is repeatedly confirmed by independent research and reflects our market share.

As part of our strategy, we want to provide existing and prospective Swiss clients with solutions that are Swiss by nature – covering the full spectrum of wealth management, from investing and financing to wealth planning. By incorporating all the Swiss particulars for pension solutions, lending, real estate services beyond mortgages, inheritance and local taxation, we are seeking the perfect match between the requirements of specific client groups and a reinvigorated comprehensive offering. With so many attractive peaks on the horizon, why should Swiss clients look anywhere else?

Julius Baer is the largest wealth manager in ***Monaco.*** We serve a substantial and growing domestic client base as well as private clients and intermediaries from selected markets in Western and Eastern Europe, the Middle East and Latin America. Business momentum held up well in H1 2021, with no meaningful changes in clients' risk appetite. We were able to further increase the share of wallet of existing clients. Higher asset levels contributed to rising revenues year on year. At the end of June 2021, our Monaco business was ranked number one in the category *Best Private Banking Services Overall 2021* in *Euromoney's Global Private Banking and Wealth Management Survey.*

Italian clients are served from various Swiss locations. The Group's local activities in ***Italy*** centre on *Julius Baer Fiduciaria S.p.A.* in Milan, one of the largest fiduciary companies in the country. Italy is among the biggest European markets in terms of savings – a characteristic reinforced during the recent COVID-19 emergency, which continued to hamper business momentum in the first semester of 2021. Despite a competitive landscape, we rate Italy's business potential cautiously positive. Generational changes and liquidity events represent opportunities in the HNWI and entrepreneurial segments, particularly for a pure wealth manager like us with a focused business model, comprehensive offering and strong financial standing. The recent government change further supports this view.

Following the changes in leadership and governance of our specialised wealth and asset manager *Kairos* at the end of last year and the beginning of this year, the company has been executing on its strategy and business plan focused on positioning the company as a leading active asset manager. As part of this strategy, the company successfully launched a European Long-Term Investment Fund (ELTIF) in H1 2021. In addition, Kairos' UK subsidiary announced plans to enter into a strategic cooperation with London-based Engadine Partners to develop co-branded alternative asset management products and expand distribution geographically.

As one of the top ten private wealth managers in the ***United Kingdom***, in the first six months of the year we continued to successfully expand our business with HNWIs, both out of London and from our four regional offices. Healthy net new money inflows contributed to substantially higher asset levels and rising revenues year on year.

The combined impact of the pandemic and the country's exit from the European Union led many business owners to seek new ways of doing business and to innovate. Supported by the early successes in vaccination, this greatly influenced client discussions on private wealth and how best to structure it, playing to our strengths as a focused wealth manager. Clients value the combination of local and cultural proximity with our international investment expertise. Our discretionary mandates continued to show outstanding performance in absolute and relative terms.

Our business in the smaller yet dynamic wealth management market of ***Ireland*** is served from Dublin. Leveraging our prime standing among business-linked HNWIs and UHNWIs in the market, which showed elevated M&A activity and related liquidity events in H1 2021, we achieved substantial net new money inflows, bolstering asset levels and revenues.

RUSSIA, CENTRAL & EASTERN EUROPE

This attractive geographic area continues to be a key region for our growth investments. Clients are served from our Moscow office in ***Russia*** as well as from various Group locations in Europe, the Middle East and Asia. The size of our franchise, our brand recognition and our market reach combined with exemplary client proximity continue to set us apart. Clients much appreciate our ability to serve them in their own language irrespective of office location.

Against a difficult geopolitical, regulatory and economic environment, the business conditions remained challenging in H1 2021. Nevertheless, we were able to capitalise on our strong market standing and continued to attract net new money inflows, contributing to higher asset levels. Client interest in private equity, structured products and credit increased.

ASIA

Given our large footprint in the region and hence its strategic importance for Julius Baer, we view Asia as our second home market. Our aspiration is to be the most admired and trusted Swiss global wealth partner to clients in Asia. Julius Baer is one of the region's largest wealth management providers, consistently ranked in the top five in terms of assets under management by renowned trade publication *Asian Private Banker*. Asia harbours the largest number of UHNWIs and HNWIs worldwide and is expected to outpace most other regions in the growth of these client segments' wealth. While the pandemic somewhat dampened this long-term development, many Asian countries have staged a remarkable economic comeback so far in 2021.

Locally booked clients account for about a quarter of the Group's total assets under management. Our strong reputation as a pure wealth manager makes us a partner of choice for the targeted segments of UHNWIs and HNWIs. Julius Baer serves this diverse region from a number of Group locations, including local booking centres in ***Singapore*** and ***Hong Kong***, our representative office in Shanghai, our domestic presence in India, and via joint ventures in Bangkok and Tokyo. Clients' risk stance remained positive in H1 2021, which showed in a further rise in client activity year on year and growing credit volume. We achieved healthy net new money inflows in the period. On the back of substantially higher AuM, revenues substantially increased year on year while margins were well supported.

We continued our investments in people, technology and platforms in the period under review. The latter saw the successful introduction of *DiAS*, the Group's award-winning *Digital Advisory Suite* used by our RMs in the advisory process to navigate regulatory and administrative requirements as well as to generate tailor-made investment ideas for their clients. Our newly introduced chat channels and podcasts in Chinese helped clients to stay connected and even better informed. A series of financial management and sustainability workshops for the next generation of clients nurtured talents as well as future relationships. With wealth and succession planning becoming a priority among our clients, we experienced increased interest in our *Single Family Office* offering also in Asia.

To complement our organic growth in the region and further leverage the breadth of our current franchise across the whole of Asia, we seek strategic opportunities via partnerships. Our joint venture with Siam Commercial Bank (SCB) in ***Thailand***, *SCB-Julius Baer Securities Co., Ltd.* (SCB JB), is unique in the market and was further deepened in H1 2021. The partnership targets Thai UHNWIs and HNWIs and combines selected domestic products and services from SCB with Julius Baer's international wealth management expertise and solutions. SCB JB's offering was recently expanded with the addition of a new specialised global equity fund for domestic distribution, wealth planning capabilities and insurance-related services.

Our strategic partnership with Nomura in ***Japan*** developed further in the period under review. The first half of the year saw another increase in the number of clients and in asset levels. *Julius Baer Nomura Wealth Management Ltd.'s* aim is to introduce our bespoke discretionary mandate services to Nomura's local UHNWI and HNWI client base. Adapting to the evolving requirements of Japanese individuals and families, the partnership continued to further refine its offering and is exploring ways to expand it. At the beginning of this February, the two partners jointly released *The Japan Report 2021*. This sixth edition of the series elaborates on the 'new normal' caused by the COVID-19 pandemic and the growth opportunities that lie ahead for Japan.

Julius Baer has one of the largest integrated global ***India*** franchises, serving HNWI and UHNWI Indian families around the world. The comprehensive solutions we offer holistically meet the requirements of this ever-evolving client base. We cover the domestic Indian market from the major cities of Mumbai, New Delhi, Kolkata, Chennai, Bangalore and Hyderabad. In addition, Julius Baer serves a large and rising global base of non-resident Indians from different Group locations in Asia, the Middle East and Europe.

Our *Global India* approach is a key competitive advantage for Julius Baer. It offers clients the best of both interlinked worlds, fosters retention and referrals, and is a significant source of additional promising business developments. Both pillars of this approach were recognised independently in 2021. At the beginning of the year, we received the prestigious award *Best Private Bank – Global Indians* for 2020 from *Asian Private Banker*. And in the *2021 Euromoney Private Banking & Wealth Management* survey published in February, *Julius Baer India* ranked first in 9 of the 16 subcategories.

EASTERN MEDITERRANEAN, MIDDLE EAST & AFRICA

We serve the Eastern Mediterranean region as well as our chosen markets in the Middle East and Africa primarily from our main regional hub in Dubai, complemented by local offices in Istanbul, Beirut, Manama, Abu Dhabi, Tel Aviv and Johannesburg, as well as from a growing number of Group locations in Europe and Asia.

What sets us apart is our reputation as a focused wealth manager and the international scope of our offering, which addresses the growing requirements of UHNWIs. While the geopolitical tensions, subdued economic expansion and ever-changing regulatory regimes create a challenging environment, these factors also influence the level of security and international diversification clients seek for their assets. Against this backdrop, we achieved very healthy net new money inflows in the first semester of 2021. Value-adding mandates and solutions remained in demand. Revenues and margins increased year on year.

Julius Baer is one of the top foreign wealth managers in ***Israel***. We serve this appealing and highly competitive market from a number of Group locations and locally from our Tel Aviv office. We target Israel's significant wealth creation both domestically and via the global Israeli community. The rigorous vaccination campaign benefitted economic activity. Business momentum was strong in H1 2021. Higher asset-based income and transaction-based income contributed to higher revenues year on year.

LATIN AMERICA

Julius Baer is a major international wealth manager in Latin America. We are serving the region's HNWIs and UHNWIs locally from our offices in Santiago de Chile, Montevideo, São Paulo, Rio de Janeiro, Belo Horizonte and Mexico City as well as increasingly from other Group locations. This combination of local proximity and our international investment expertise differentiates us from most domestic competitors.

Latin America somewhat lags other regions in the fight against the pandemic and in economic recovery, further undermining political stability. However, given the young and ingenious population combined with the supportive international economic backdrop, the region's growth potential is intact. In the period under review, clients valued our personal and innovative approach to remain connected and to keep them on top of market developments. This resulted in promising client referrals and an increase in share of wallet. Clients continued to favour international diversification and showed interest in private equity, hedge funds and private market solutions. Asset gathering remained challenging but showed an improving trend year on year. Higher asset levels supported profitability.

Leveraging our strong standing in selected core markets and key client segments, we continued to build business momentum and seized opportunities in H1 2021. We have broadened our base of experienced RMs serving the region since the start of the year, both locally and at Group locations. Our representative office established last year in ***Colombia*** got off to a promising start. Colombia is one of the region's markets that has great potential for a focused wealth manager with a comprehensive offering like Julius Baer. We streamlined our operational set-up in ***Uruguay*** and refocused the business to capture growth opportunities via family office services, thus leveraging our know-how gained in other markets of the region. Despite the recent political instability, we were able to strengthen our standing with UHNWIs in ***Chile***, where we have the largest local presence of any international wealth manager.

In ***Brazil***, we are the largest local independent wealth manager and operate under the name *Julius Baer Family Office Brasil.* The unit mainly targets domestic clients who have a preference for multicustodial and consolidation capabilities, on a discretionary or advisory basis. Through the partnership with local digital investment advisor Magnetis, we continued to develop the affluent client segment of younger, tech-savvy investors. To meet the growing demand for international wealth management services, Julius Baer launched a new advisory office in São Paulo in April 2021. It provides sophisticated global investment content, advisory of international portfolios and access to holistic wealth management and wealth planning solutions.

On the back of Julius Baer's growing brand recognition and reputation within the Mexican market, our activities in ***Mexico*** continued to develop favourably. Julius Baer holds a majority stake of 70% in *NSC Asesores,* one of the largest independent wealth management companies in Mexico. Clients benefited from our growing offering of locally adapted products and solutions, meeting their evolving needs in the current rapidly changing environment.

INTERMEDIARIES BUSINESS

In the first half of 2021, the focus of the Intermediaries unit was on implementing its new business strategy. This new strategy builds on our achievements of the past 18 months by expanding our range of products and services, by introducing modern technology and by making our processes more effective and efficient. At its heart are three coverage models: Premium Service, Professional Advice and Expert Advice. They allow us to tailor our services to the requirements of the intermediary clients we serve – whether that is a relationship mainly based on digital solutions, a very personal relationship relying on extensive interaction with various Julius Baer experts, or a blend of the two.

We were able to grow our Intermediaries franchise across most of our key markets in line with market developments in H1 2021. We also succeeded in maintaining our high levels of service and availability to intermediaries and their clients throughout the second lockdown. Net new money inflows strongly improved year on year, with notable contributions from Asia, Emerging Markets and across Europe.

Technology and digital solutions provided from the Group's different booking centres form a significant component of our service offering to intermediaries. We particularly focus on connectivity services, which allow intermediaries to connect their systems more efficiently with ours to facilitate automated end-to-end processing. In Asia, we launched a digital online platform for local intermediaries in collaboration with a third-party provider to meet the needs of external asset managers who operate a professional portfolio management system.

JULIUS BAER'S HOLISTIC SERVICE AND SOLUTIONS OFFERING

We help our clients to protect and grow the wealth they created and we support them in transferring it to future generations. Our holistic advisory approach *Julius Baer – Your Wealth* tailors financial solutions for clients based on their unique situations, encompassing wealth planning, investing and financing.

WEALTH PLANNING

Our *Wealth Planning* (WP) capabilities are one of the three main *Julius Baer – Your Wealth* pillars. A global network of internal and external specialists and a wide range of sophisticated solutions support our comprehensive range of WP services. The pandemic has raised important questions related to succession planning and relocation, amongst others, and encouraged clients to assess their overall exposure. With our *Family Office Services*, we aim to leverage our long-standing expertise on wealth preservation and creation to benefit our clients and their families by supporting them better and more holistically than ever before.

INVESTING

Our investment experts around the globe are key contributors to our holistic *Julius Baer – Your Wealth* offering. They have decades of experience in managing wealth for our private clients, both on a discretionary and an advisory basis.

Our Group *Chief Investment Officer (CIO)* steers a robust five-step investment process with a special focus on long-term secular trends. A set of key investment beliefs is built in to this process, from tactical asset allocation to portfolio construction. We rely on comprehensive qualitative and quantitative analysis to identify which of the four possible market regimes currently applies. This allows expert positioning in our quest to deliver consistent risk-adjusted investment returns for our clients – with a thorough risk framework throughout the entire process. Market dislocations such as triggered by the COVID-19 pandemic are an opportunity to make a difference and demonstrate to our clients the value of our structured and time-tested investment process.

Pursuing our ambition to evolve our business and ensure that our investment management solutions remain relevant for our clients, our dedicated teams have achieved significant milestones, by

- leveraging the potential of our *Mandate Solution Designer,* a digital platform for scalable mandate customisation, client interaction and portfolio management, through the launch of a new multi-asset class discretionary offering,
- continuing our scrutiny of critical asset classes in the current environment, with a review of our clients' alternative investments positioning and the launch of new private equity strategies,
- unveiling an ambitious ESG roadmap across all products and strategies, incorporating a high standard of sustainability due diligence.

The series of equity rotations across sectors in the first half of 2021 further highlighted the essential combination of constant automated portfolio monitoring and swift human interaction. Our investment experts stayed tuned to our clients while monitoring and adapting their strategies across discretionary and advisory mandates. The latter benefitted from our proprietary *Digital Advisory Suite*, which enables us to share opportunities and address risks with our clients, in tune with financial market development.

INVESTMENT CONTENT

The COVID-19 pandemic and its impact on the world economy continued to dominate our communication efforts in the first half of 2021. We kicked off the year with our market outlook, including an in-depth market assessment and a collection of our best ideas across asset classes for 2021. With inflation fears flaring up, we shifted our focus toward shorter-term opportunities resulting from increasing market volatility and rising US bond yields while continuing our structured follow-ups on instrument recommendations.

INVESTMENT RESEARCH: H1 2021 IN REVIEW

The pandemic bestowed circumstances on us we never thought possible. Both the breakdown and the subsequent rebound are beyond anything we have seen in economic history books. Trying to sum up the first six months of 2021 is an exercise in keeping superlative use under control or refraining from inventing new ones.

In the macroeconomic space, the first half was a bumper period for growth and inflation rates. Again, there were some leads and lags, as the pandemic's impact ran in different cycles in the various regions. However, quoting some numbers will add flavour: Chinese retail sales were up by a third, and purchasing managers' indices in the US reached 15-year highs overall and hit the single highest reading ever. Even those economies that are not particularly known for strong growth, such as the United Kingdom, will likely post a Q2-2021 growth number north of +20%. The economic kick-start showed in inflation gauges as well. In China, producer price indices rose by 9% year on year and in Europe by 8%. Even US consumer price indices spiked by 5%.

So how did the markets do? The winner was crude oil, with prices up by half at one point. In equities, oil & gas stocks increased by more than a third, while financials were up by a quarter. In contrast, last year's darlings (e.g. Chinese stocks and gold) were largely flat. It was hard to lose money in the first half of 2021 with the exception of safe-haven government bonds, which cost investors mid-single-digit percentage points, or cash, where recouping the losses in purchasing power is almost impossible compared to the bond space. However, you have heard that story here before.

Where next for the world economy? As stellar as growth may be in the second half of 2021, regional differentiation remains key. In the US, growth is supercharged and front-loaded thanks to the massive stimulus packages put in place by the Biden administration. Their singular focus is on consumption, consumption and consumption, before any infrastructure spending might kick in in 2023. In contrast, the economies in Europe and China are being propped up through a focus on production and investment, which means 'steady as she goes'. Consequently, the US will likely outshine the rest of the world in 2021 before falling into a post-pandemic air pocket in 2022 – at least in relative terms compared to Europe and China. The geographic laggards are the emerging markets. They are still struggling to cope with the pandemic (facing problems, in particular, in accessing vaccines). They also have less fiscal leeway, since many of them rely on funding in hard currencies. These funding costs keep rising the more global leading economies are successful in fighting the crisis relative to emerging markets.

Responding to the structural changes in client content consumption, we further broadened our video offering, enhanced our monthly client webcasts and introduced podcasts to ensure constant information. We also increased the flow of timely market news and stories made available in our *Investment Insights App* and newly within our *e-banking Switzerland* service.

FINANCING AND CREDIT

As part of our holistic *financing* offering, our private clients have access to a wide range of standard credit products on a secured basis as well as to structured finance solutions encompassing listed assets, private assets and combinations thereof. Our financing capabilities give our UHNW clients room to optimise their current holdings. These tailored monetisation and lending solutions include collateralised future cash flows, derivatives-based financing, bespoke single stock lending and multi-asset secured lending, on an individual basis or as part of club deals. In addition, we act as a broker for specific financing services that we do not perform ourselves. Our loan book is prudently managed using a sophisticated credit risk framework. This ensured continued high credit quality also under the COVID-19-related market stress. With interest rate reference IBOR about to be decommissioned, the transition of credit agreements to alternative reference rates is well on track.

MARKETS

The Markets teams focus on providing best-in-class execution and trading advice to our private banking clients as well as on manufacturing a vast range of structured products and solutions for a broader internal and external client base.

The pandemic and related challenges have highlighted the importance of a robust and scalable trading and execution platform. We therefore maintained our investment drive, thus ensuring high-quality service to the Group's client base, external asset managers and other external parties alike. On financial markets that trade on a 24-hour basis, we provide constant access through our trading hubs in Zurich, Singapore and Hong Kong.

Direct channels to our product experts ensure that clients are comprehensively supported in all execution, trading and structuring-related matters. The Markets unit plays an important role as manufacturer and risk manager of structured products and derivative solutions issued from Julius Baer Group's balance sheet and ultimately as a key contributor to the Group's revenues. The continued expansion of our product offering across all asset classes addresses the growing requirements of our global client base. For example, the launch of open-ended Mini Futures contracts in January 2021 has taken the use of futures to the next level. Clients can trade these Mini Futures at a fraction of the upfront financial commitment of traditional futures, thus making it possible to manage market exposure cost efficiently, to customise portfolios more easily and to steer risk more precisely.

Digital tools such as the *Markets Toolbox,* a real-time structuring, pricing and trading platform for equities, currencies and precious metals, are key enablers in achieving a high level of service experience. Such tools, together with our ability to take on risk and offer innovative payoffs, make us an attractive partner for intermediaries, family offices and other professional clients, who love to work with us and expand their product universe.

DIRECT PRIVATE INVESTMENTS

Direct private investments are one of the fastest growing asset classes. They provide UHNW clients and family offices access to investment opportunities in private equity, private debt and other unlisted or illiquid assets. Structured as single direct investment or as co-investment with an institutional lead investor, clients benefit from diversification and asymmetric returns while gaining exposure to the industries that best match their investment philosophy. Julius Baer's dedicated *Direct Private Investments* team enjoys a strong standing in this competitive global field. The team recently closed a number of private equity and private debt deals with attractive risk return profiles across a variety of sectors: food tech, health tech, real estate, technology and education.

GLOBAL CUSTODY

As a dedicated provider of custodian services and solutions in Switzerland, this unit enjoys an excellent reputation as a best-in-class global custodian in its well-defined areas of specialised expertise for institutional clients and investment funds as well as for private clients with institutional requirements. Thanks to our modular offering, clients benefit from a high degree of flexibility regarding daily business processes and individualised services to cover their needs.

OUR STRATEGY

Julius Baer's long-term strategy is focused exclusively on international wealth management. This strategy was introduced in 2009 with the Group's separation from its asset management business, a move accompanied by the independent listing of today's Julius Baer Group. We updated and refined our strategy at the beginning of 2020.

In its strategy, Julius Baer targets wealthy private clients, family offices and external asset managers through a client-centric business model, providing clients with holistic financial advice tailored to their needs. Julius Baer's model is built on highly personal interaction with clients, powered by a relevant and comprehensive offering, an open product platform, proprietary research and state-of-the-art digital capabilities.

At the start of 2020, we presented an update and refinement of our strategy for the medium and longer term. First and foremost, we will remain true to our wealth management focus and business model. We will continue to build on our core strengths while dynamically modernising the way we operate, creating even more value for our clients through a sharpened value proposition and accelerated investments in human advice and technology. At the same time, the Group will continue to strengthen its corporate values and its robust risk and compliance culture, based on professional integrity and teamwork, and further invest in the implementation of our corporate sustainability and responsible investment strategy.

CALIBRATING THE STRATEGY IN A CHANGING ENVIRONMENT

At the outset of a fresh decade, new secular dynamics are unfolding in wealth management:

- Client needs are shifting structurally – from wealth creation to wealth preservation and from individual needs rooted in one geography to changing family settings with multinational requirements. Complexity is increasing and expectations are on the rise, calling for even broader capabilities and deeper expertise in wealth management.
- Generational dynamics are accelerating. Over the coming 20 years, huge amounts of assets will be handed from one generation to the next. This future generation is looking beyond just the management of assets and is interested in giving meaning to their wealth.
- The economics of our business have changed. Commoditisation combined with negative interest rates in many of our key markets has resulted in strong margin pressure over recent years. In parallel, more complex regulations, changes in technology and increasing competition are driving up the structural costs of doing business.

Despite these pressures, wealth management remains an attractive industry, with longer-term growth rates expected to exceed GDP expansion in most markets.

In order to capture these opportunities, we are looking beyond the immediate pressure for change and want to make our company fit for the next decade. We will explore the substantial untapped potential to deliver value to our targeted client segments. As the architects of our clients' wealth, we will tailor highly individual solutions in a client-centric, integral way – as personal as possible, yet powered by the best that technology has to offer.

SHARPENING THE VALUE PROPOSITION FOR SOPHISTICATED HIGH NET WORTH AND ULTRA-HIGH NET WORTH INDIVIDUALS

Julius Baer will offer our two core client segments, HNWIs and UHNWIs, a sharpened and unique value proposition. We will serve those clients individually, as families and over generations. The complexity inherent in these client relationships plays to our strengths and capabilities.

Contrary to industry trends, we will continue to serve HNWIs in a personal way, with a dedicated relationship manager (RM). They will be offered an unrivalled breadth of solutions that can be customised based on technology, supporting scalability. UHNWIs and wealthy families will benefit from Julius Baer's capabilities as true wealth architects, combining access to the Group's expertise, its global coverage and its ability to deliver highly bespoke solutions, based on its open product platform and its balance sheet, without the conflict of other lines of business.

We serve our clients directly via our dedicated global front organisation as well as indirectly through selected intermediaries. These intermediaries are an important business-to-business segment with whom we aim to build long-term partnerships along their full value chain and across the entire cycle of their business development.

The Group will continue to look to strengthen its critical mass in core markets while investing further in its range of solutions and expertise – already among the most comprehensive in the industry – to enhance its relevance for clients and capture new market opportunities. Examples of innovation in this area are digital assets, structured lending and impact investing.

Julius Baer Group Ltd.

Board of Directors
Romeo Lacher, Chairman

Chief Executive Officer
Philipp Rickenbacher

Head Switzerland & EMEA	**Head Asia Pacific**	**Head Americas**	**Chief Operating Officer & Head of Intermediaries**
Yves Robert-Charrue	Jimmy Lee Kong Eng	Beatriz Sanchez	Nic Dreckmann

Investment & Wealth Management Solutions

Head of Wealth Management Solutions	**Chief Investment Officer**	**Chief Financial Officer**	**Chief Risk Officer**
Nicolas de Skowronski	Yves Bonzon	Dieter A. Enkelmann	Oliver Bartholet

Executive Board

ACCELERATING INVESTMENTS IN HUMAN ADVICE AND TECHNOLOGY

Investments in technology to power human advice will be accelerated, creating new revenue opportunities and further improving efficiency. The main shift will be away from the modernisation of the back-end towards investments in enhancing client value at the front-end.

To create new revenue opportunities, we will accelerate our investments in artificial intelligence and data. Predictive data analysis, for example, improves client retention and explores share-of-wallet potential. To facilitate scalable tailoring of discretionary mandates and a consistent and scalable advisory process, we continue to invest in our recently launched *Mandate Solution Designer* and our proprietary advisory platform *DiAS*, which are expected to deliver both increased revenue and enhanced margins. And to increase quality and efficiency, we are re-engineering processes such as our workflows in risk management and anti-money laundering as well as driving robotics in mid- and back-office processes, again with the aim to realise margin benefits.

In order to excel in wealth management, we believe we also need to move beyond just managing wealth and serve clients across generations. With our more than one hundred thousand client relationships globally, Julius Baer is ideally positioned to be a facilitator, offering our clients a platform to create value beyond banking. Our vision is to build client communities, providing spaces in which they can share and exchange, ultimately enabling them to co-create content and business opportunities together with us.

Julius Baer will continue to attract the top entrepreneurial talent in the industry – RMs as well as specialists and technology experts. The Group will invest in developing junior RMs in-house and has upgraded incentive and compensation systems in line with its financial targets, entrepreneurial aspiration and risk standards.

CREATING LONG-TERM SHAREHOLDER VALUE BY SHIFTING THE LEADERSHIP FOCUS TO SUSTAINABLE PROFIT GROWTH

With Julius Baer's shift from an asset-gathering strategy to one focused on sustainable profit growth, the Group introduced new targets for shareholder value creation at the start of the current three-year cycle (2020–2022):

- An adjusted[1] pre-tax margin of 25 to 28 basis points by 2022
- An adjusted[1] cost/income ratio of 67% or lower by 2022
- Over 10% annual growth in adjusted[1] pre-tax profit over the cycle, assuming no meaningful deterioration in markets or foreign exchange rates
- Adjusted[1] return on CET1 capital of at least 30% by 2022, supported by active capital management

Julius Baer remains committed to maintaining the quality and strength of its balance sheet and capitalisation. The management floors of its BIS total capital ratio and BIS CET1 capital ratio remain at 15% and 11%, respectively, representing a prudent buffer of around three percentage points above regulatory minimums.

The dividend and capital frameworks remain unchanged and reflect the Group's strong capital generation. Ordinary annual dividends of 40% of adjusted net profit can be complemented by share buy-backs or special dividends.

The Executive Board's compensation structure, with the cumulative economic profit and relative total shareholder return components of its equity performance plan, is aligned with the Group's focus on sustainable, profitable growth and long-term shareholder value creation.

This section of the Business Review is an excerpt from the yearly updated Corporate Governance chapter of the Group's Annual Report. Details on the implementation of the updated strategy can be found in the remaining sections of this publication.

[1] For a definition of adjusted results, please refer to www.juliusbaer.com/APM

SUSTAINABILITY

Our sustainability strategy guides us in enabling a shift in capital flows towards a more equitable future and a healthier planet for the generations to come.

Through our sustainability efforts, we focus on long-term value creation for clients, employees, shareholders and society at large. As the first Swiss bank to endorse the United Nations Principles of Responsible Banking (UN PRB), our priorities remain guided by stakeholder input and the global sustainable development agenda, including the UN Sustainable Development Goals.

The coronavirus pandemic has been a stark reminder of just how fragile our social and economic systems can be when faced with unfamiliar shocks. Aside from the tragic health toll of COVID-19, the pandemic also brought a new emphasis to wealth inequality. Climate change, nature loss and ocean health likewise present enormous challenges, all of which have the potential to destabilise economic systems on a scale far greater than COVID-19.

Our sustainability strategy informs the Bank's response to such socio-economic and environmental challenges while steering it on a long-term trajectory of positive, measurable impact. This includes enabling our clients to make educated choices, as well as supporting employees in considering environmental, social and governance (ESG) matters and connecting meaningfully with our communities.

RESPONSIBLE WEALTH MANAGEMENT

Investors who have been embedding ESG aspects into their asset selection have long believed that their investments would be more resilient in times of crises. This indeed proved true during the pandemic as sustainable investing strategies outperformed the market in many areas. Now estimated to be worth USD 30 trillion globally, sustainable investing offers the compelling prospect of aligning financial returns with personal values. At Julius Baer, we offer a range of sustainable and impact solutions, complemented by philanthropy advisory.

To allow our clients to make educated decisions, we must also empower the relevant Julius Baer teams. In 2020, a first group of investment advisors and portfolio managers started our ESG training programme and went on to take part in the ESG certification programme with the Chartered Financial Analyst Institute, UK. The programme consists of 20 hours of classroom training (virtual in 2020), 130 hours of self-study and a final exam. As at mid-2021, 32 Julius Baer colleagues have completed the Certificate in ESG Investing and 18 are in the process of completing it. We are now extending the certification option to more colleagues globally.

Sustainable investing
We offer both discretionary sustainability mandates and sustainability advisory mandates. Discretionary mandates go through a process of screening: negative screening excludes companies or governments that are involved in certain business activities or unethical behaviours based on specific criteria; positive screening selects best-in-class ESG leaders as rated against peers. We enable thematic investing, focusing on themes such as low carbon footprint, water scarcity, natural resource efficiency, nutrition innovation, healthcare innovation and economic empowerment. Assets managed in discretionary sustainability mandates increased from CHF 1.6 billion in 2019 to CHF 2.5 billion in 2020 and further to CHF 3.2 billion in the first half of 2021.

Sustainability advisory mandates are delivered by our newly established team of experts for tailored advice and research in the area of sustainable investing. Our insight provides clients with full flexibility to choose from different sustainable investment strategies and select the criteria that are most important to them. It also allows them to add a sustainability overlay to their portfolios or focus on specific themes.

Impact investing
Investing in assets that intentionally create a measurably positive impact for people or the planet, alongside financial returns, is known as impact investing. In 2020, impact investing became one of the world's fastest growing investment approaches[1]. Our ambition is to give our clients access to this dynamic market. We have developed a distinctive and comprehensive *impact ecosystem* to do so – providing access to transparent reporting, thought leadership and networking opportunities alongside products – and we are expanding our offering in this space (see also page 29).

Philanthropy advisory
The COVID-19 crisis created an additional demand for our philanthropy expertise as people sought to review their estate planning and donate to health and social causes. In 2020, the advisory offering was developed further to become scalable across the Julius Baer universe, and we recorded almost 100 philanthropy advisory mandates at the end of 2020.

CARING EMPLOYER

Our ambition to be the employer of choice in wealth management is supported by an inclusive working culture that brings out the best in people. In a year of significant personal uncertainty for our employees, we were particularly proud to see our global engagement score rise to 7.8 out of 10 (+0.2 compared to our 2019 employee survey), above average in the finance industry. This is testament to the ongoing support measures provided to everyone, including the mental and physical well-being initiative as well as interactive virtual training and development.

We are fully committed to achieving a gender balance across the Bank. The representation of women in senior management increased from 27.8% at the end of 2020 to 28.6% by mid-year 2021, showing a positive trend towards reaching our 2023 ambition of 30%. We have also increased our focus on diversity and inclusion (D&I) as we aim to foster a diverse and inclusive environment with equal opportunities for everyone at Julius Baer. Through *diversity,* we respect differences in groups and individuals, both visible and invisible ones. By pursuing *inclusion,* we embrace and leverage these differences in a way that allows everyone to feel they belong. To identify where we actually stand, we have started to survey all our employees through a set of eight D&I questions, which have been included in the Employee Engagement Survey since May 2021. Based on these results and in line with the overall goals of our organisation, our newly established global D&I Committee will define concrete action points, measures and targets in the realm of D&I that aim at realising tangible benefits for all employees.

[1] GIIN Annual Impact Investor Survey 2020. Source: https://thegiin.org/research/publication/impinv-survey-2020

COMMUNITY PARTNER

We work in partnership with local organisations to support social and environmental causes, either directly as a sponsor or via our employee-led community engagement movement *JB Cares*, the *Julius Baer Foundation* and our *Julius Baer Art Collection*. In 2020, Julius Baer's total community giving amounted to more than CHF 8.59 million, with contributions mainly focusing on the pandemic. In early 2021, Julius Baer pledged another pandemic-related donation of CHF 5 million to further support disadvantaged individuals, families and children as well as to aid nurses in Swiss hospitals, which continue to play an instrumental role in the fight against the virus. Finally, in June 2021, Julius Baer announced a USD 1.4 million commitment (approximately 110 million rupees) to support critical COVID-19 relief programmes for households and families severely impacted by the second wave of the pandemic in India.

For more than fifty years, the *Julius Baer Foundation* has dedicated itself to making a meaningful and impactful contribution to society. In 2020, it collaborated with 27 partner organisations in 22 countries and initiated 30 projects dedicated to the strategic core areas of *Wealth Inequality* and *Solutions Replacing Plastics*. The overall grant funding increased by approximately 18%, to CHF 3.3 million in 2020.

Our sponsorship strategy to back innovative, sustainable and pioneering initiatives continued during 2020, with flagship sponsorships including the *ABB FIA Formula E Championship,* the *Greentech Festival* and the *Elbphilharmonie and Laeiszhalle Hamburg*.

And finally, the *Julius Baer Art Collection* was a source of inspiration and continuity in turbulent times, with more than 5,000 pieces on view for colleagues and clients. We also launched *Surrounded by Art,* a book that showcases the dynamic mix of artworks over the decades, from established Swiss artists to emerging talent.

KEY RESPONSIBLE INVESTMENT INDICATORS

	2020	2019	Change *in %*
Assets with ESG integration (CHF m)[1]	55,242	52,486	*5.3*
As percentage of total assets under management (%)	*12.7*	*12.3*	-
Discretionary sustainability mandates (CHF m)[2]	2,468	1,625	51.9
Recommended sustainable and impact investment funds (CHF m)[3]	1,118	535	108.9

[1] Based on assets under management in central mandates (only front regions, excluding intermediaries).
[2] Including various asset classes and currencies.
[3] Total assets under management invested through Julius Baer in recommended Sustainable Investment and Impact Investment funds on the open product platform.

INVESTING IN SUSTAINABLE FOOD AND AGRICULTURE

Julius Baer's purpose – *creating value beyond wealth* – is echoed in our sustainability strategy. Our ambition is to empower our clients, employees and other stakeholders to create positive impact. In pursuing this goal, we focus on two of the most critical global challenges the world is facing while transitioning towards a sustainable economy: the overuse of natural resources and the underuse of human resources.

On the path to a more effective and environmentally friendly use of natural resources, the food and agriculture sectors bear great potential. Both sectors are in the early stages of a far-reaching transition towards more sustainable production and consumption patterns. Growing environmental pressures, rising resource scarcity, changing consumer demand, technological innovation and ever-tightening regulatory interventions are curtailing the current depletive practices and unhealthy diet preferences.

AN ECOSYSTEM TO EMPOWER FOR POSITIVE IMPACT

It is critical to find ways to produce sufficient and healthy food meeting the requirements of producers and the demands of consumers while protecting our natural resources. A fast-growing approach to tackling such challenges is impact investing, which seeks to generate both a financial return and a measurable positive impact on society and/or the environment. At Julius Baer, a new fund we launched at the end of April 2021 focuses on investments that support a shift to plant-based foods and address social and environmental issues in the food system, generating positive outcomes in human health, animal welfare and the climate.

Parallel to fostering impact investing possibilities, we remain committed to further developing our dedicated ecosystem, which offers access to a wide range of products. Going beyond this, our ecosystem also includes thought leadership and access to platforms for exchanging ideas and experiences with like-minded investors.

CONSERVING NATURAL RESOURCES

We can shape our environmental impact mainly through our products and services, by guiding our clients in their sustainable investments. In addition, however, we also take our own responsibilities to conserve natural resources and reduce emissions very seriously. In 2020, we continued to achieve 100% renewable sourced electricity for our Swiss locations (representing 69% of our measured global electricity consumption).

From replacing single-use plastics in Singapore to LED retrofits in Mumbai, teams across our global offices have found innovative ways to reduce energy, paper, water and waste. In Dubai, colleagues moved into ICD Brookfield Place, a LEED Platinum-rated building with outstanding environmental features – a physical manifestation of our Future Cities insight work in the region. In addition, we aim to complement our environmental efforts with a new climate strategy, working towards a net-zero carbon emission target.

CONDUCT AND RISK

Reflecting the operating environment and the Group's strategic objectives, in 2020 we updated and republished our *Code of Ethics and Business Conduct*. We also introduced a new client risk rating system to further strengthen our anti-money laundering defences. We are building in more safeguards to protect the Bank and our clients from privacy and security risks. Beyond implementing the Code, we are committed to ensuring our business practices meet regulatory requirements and global standards. This includes those arising out of the EU Action Plan on Sustainable Finance, as well as principles and standards defined by the UN Principles for Responsible Banking and UN Principles for Responsible Investment.

KEY HUMAN CAPITAL INDICATORS

	2020	2019	Change *in %*
Our people			
Total headcount (total workforce excl. externals)[1]	6,897	6,958	-0.9
Of which regular staff	*6,762*	*6,773*	*-0.2*
Number of employees (FTE) (total workforce excl. externals)[1]	6,606.5	6,638.5	-0.5
Of whom in Switzerland (%)	*52.0*	*51.6*	-
Of whom in rest of Europe (%)	*18.0*	*17.7*	-
Of whom in Asia-Pacific (%)	*22.1*	*21.6*	-
Of whom in Latin America (%)	*5.0*	*6.0*	-
Of whom in Middle East and Africa (%)	*2.8*	*3.0*	-
Total net employee turnover (%)[2]	8.5	11.4	-
People and diversity			
Ratio of women (% of total regular staff headcount)	42.5	42.2	-
Women in senior management (% of total senior management headcount)[3]	27.9	27.2	-

[1] Total workforce includes regular staff (employees with an ordinary open-ended Julius Baer contract on a full or part-time basis), temporary staff, trainees, apprentices and graduates.

[2] Fluctuation rate / net turnover of regular staff in %, including resignations and terminations.

[3] Julius Baer defines senior management as all employees with the rank of Director to Managing Director.

SUSTAINABILITY OUTLOOK

Our 2020 progress gained us external recognition in key sustainability benchmarks, including an A rating in the MSCI ESG[1], an 85th percentile ranking in the S&P Global Corporate Sustainability Assessment[2] – in addition to Julius Baer being constituent of both the SXI Switzerland Sustainability 25 Index[3] and FTSE4GOOD index[4]. Since February 2021, we have been a member of the new ESG equity indices of SIX (SPI ESG and SPI ESG Weighted).

We welcome recognition, but above all we embrace the challenge to scale and deepen our impact. In early 2021, along with our *Sustainability Report 2020*, we published our updated sustainability strategy, designed to further strengthen our credibility in this field and to provide improved guidance to our clients in making informed choices with positive impact. In the spring of 2021, we also published our special report *Earth Matters*, which focuses on tackling the overuse of natural resources.

To further promote the topic of sustainability at Julius Baer, an all-staff e-learning course will be offered through the JB Academy later in 2021.

For more details about our approach to sustainability, please see our *Sustainability Report 2020* at www.juliusbaer.com/cosreport.

[1] MSCI ESG ratings provide insight into ESG risks and opportunities within multi-asset class portfolios. Source: https://www.msci.com/esg-ratings
[2] The S&P Global Corporate Sustainability Assessment (CSA) is an annual evaluation of companies' sustainability practices. The resulting ESG rating is used, among others, to create the Dow Jones Sustainability Index. Source: www.spglobal.com/esg/csa/
[3] The SIX Switzerland Sustainability 25 Index® includes 25 stocks from the SMI® Expanded Index with the best sustainability scores
[4] Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products. Source: https://www.ftse.com/products/indices/ftse4good

KEY ENVIRONMENTAL INDICATORS[1]

	2020	2019	Change *in %*
Energy consumption (MWh)	34,682	34,891	*-0.6*
Electricity (MWh)	*25,122*	*26,045*	*-3.5*
Greenhouse gas emissions (tCO_2e)[2]	8,051	19,803	*-59.3*
Of which business travel (tCO_2e)[3]	*1,884*	*13,076*	*-85.6*
Water consumption (m^3)	*67,971*	128,162	-47.0

[1] Unless stated otherwise, the numbers in this table are based on information from Julius Baer's main business locations. These are Zurich, Geneva, Lugano, Basle and Bern in Switzerland, as well as our locations in Brazil, Germany, Guernsey, Hong Kong, India, Monaco, Singapore, Spain, the UK, the UAE and Uruguay. These locations cover approximately 86% of our total employees.
[2] Greenhouse gas emissions were calculated according to guidelines issued by the WRI/WBCSD Greenhouse Gas Protocol. We offset all our CO_2 emissions through a certification scheme.
[3] Business travel figures are a sum of emissions from air, rental car and train travel data provided by our central Global and Hong Kong travel offices (covering all employees globally), as well as emissions from company cars used at sites specified under footnote 1. Kilometres/FTE are calculated using the same input.

IMPORTANT DATES

Publication of Interim Management Statement: 21 November 2021
Publication of 2021 annual results: 2 February 2022
Publication of Annual Report (incl. Remuneration Report) 2021 and Sustainability Report 2021: 21 March 2022
Annual General Meeting: 12 April 2022

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